

UltraTech Cement | BUY

In-line quarter; market share gains to continue

UltraTech Cement's consolidated EBITDA for 1QFY26 was INR 44bn with blended EBITDA/tn at INR 1,197, broadly in line with our and consensus estimates. Its domestic grey cement capacity stands at ~187mt, which is likely to increase to ~212mt (~16% capacity additions) by FY27. The management is targeting to announce the next phase of capacity expansions in FY26. Accordingly, the company is likely to continue gaining market share in the coming years. It has witnessed marginal price improvement in Jul'25 across regions except in North and West. In India Cements, the company has maintained its target of achieving EBITDA/tn of >INR 1,000 by FY28 (INR 382/tn in 1QFY26). We believe UltraTech is poised for structural improvement in return ratios over the next 3-4 years owing to i) rising asset turnover; ii) low cost of expansion; and iii) improving profitability. We broadly maintain our FY26-28 EBITDA estimate and increase our Sep'26 TP to INR 14,150/sh based on 19x Sep'27 EV/E (post half-yearly roll-over). UltraTech is our top pick in the sector.

- **Result Summary:** UltraTech's consolidated results were in line with our estimates. Consolidated volume grew by ~10% YoY/ declined 10% QoQ to 36.8mt. The management mentioned that UltraTech brand volume increased by 6.5% YoY in 1QFY26. Reported grey cement realisation grew 2.4% YoY/ 2.2% QoQ to INR 5,165 during the quarter. Total cost/tn declined 3% YoY/ grew 2% QoQ to INR 4,579. Blended EBITDA/tn increased ~33% YoY/ 6% QoQ to INR 1,197. Consolidated net debt increased INR 109bn YoY/ declined INR 13bn QoQ to ~INR 163bn as of Jun'25.
- **What we liked:** Improvement in profitability and reduction in net debt.
- **Earnings Call KTAs:** 1) UltraTech aims for double-digit volume growth in FY26; 2) On the pricing front, South and East regions gained the maximum benefit in 1QFY26. Spot prices have risen in East, while they have gone up marginally in other markets. However, prices were flat in North and West. 3) The company has guided for capex of INR 100bn in FY26; it has already incurred ~INR 20bn in 1QFY26. 4) It is likely to announce the next phase of capacity expansion in FY26; 5) Consolidated net debt increased INR 109bn YoY/ declined INR 13bn QoQ to ~INR 163bn as of Jun'25. 6) In India Cements, the company has planned certain initiatives that will enable efficiency gain to start reflecting from 4QFY27. These include: conversion of 4/5 stage preheaters to 6 stage preheaters; cooler upgrade process optimisation; setting up of 21.8MW of WHRS and reliability improvement through digitisation. The company maintains its target of EBITDA/tn of >INR 1,000 for FY28. 7) In the W&C segment, it is on track with capex plans of INR 18bn. 8) Other highlights: Trade share declined by 170bps YoY to 66.3%; Premium share increased by 980bps YoY to ~34%; CC ratio increased from 1.44x YoY to 1.49x; Green share (WHRS & RE) increased by 1,160bps YoY to ~40%; Blended fuel cost decreased by INR 0.22 Mcal YoY to INR 1.78 Mcal; Lead distance decreased 16km YoY/ 14km QoQ to 370km.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	14,150
Upside/(Downside)	12.5%
Previous Price Target	13,500
Change	4.8%

Key Data – UTCEN IN

Current Market Price	INR12,577
Market cap (bn)	INR3,706.2/US\$42.9
Free Float	38%
Shares in issue (mn)	294.7
Diluted share (mn)	294.7
3-mon avg daily val (mn)	INR3,420.0/US\$39.6
52-week range	12,714/10,048
Sensex/Nifty	82,200/25,091
INR/US\$	86.3

Price Performance

%	1M	6M	12M
Absolute	9.8	17.9	11.7
Relative*	10.0	9.6	9.4

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	698,100	749,360	865,155	967,483	1,065,639
Sales Growth (%)	12.0	7.3	15.5	11.8	10.1
EBITDA	129,686	125,575	174,629	212,991	241,783
EBITDA Margin (%)	18.3	16.5	19.9	21.7	22.4
Adjusted Net Profit	70,770	61,371	83,270	109,849	129,909
Diluted EPS (INR)	245.1	208.3	282.6	372.8	440.8
Diluted EPS Growth (%)	39.8	-15.0	35.7	31.9	18.3
ROIC (%)	12.5	9.1	9.6	11.6	13.0
ROE (%)	12.4	9.4	10.9	12.8	13.8
P/E (x)	51.3	60.4	44.5	33.7	28.5
P/B (x)	6.0	5.2	4.5	4.1	3.8
EV/EBITDA (x)	28.8	31.2	22.3	18.1	15.7
Dividend Yield (%)	0.6	0.6	0.7	0.9	1.1

Source: Company data, JM Financial. Note: Valuations as of 21/Jul/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Actual vs. estimates (1QFY26)

INR mn		Estimates		Variation (%)		Comments
	Actual	JMFe	Consensus	JMFe	Consensus	
Net sales	2,10,400	2,13,953	2,15,060	(1.7)	(2.2)	In line with our estimates
EBITDA	44,103	44,922	44,087	(1.8)	0.0	
PAT	22,643	22,359	22,510	1.3	0.6	
Volumes (mt)	37	37.6		(2.0)		
Blended realisation (INR/tn)	5,713	5,692		0.4		
Blended EBITDA (INR/tn)	1,197	1,195		0.2		

Source: Company, JM Financial

Exhibit 2. Quarterly - Consolidated

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Revenue	1,88,186	1,56,347	1,77,788	2,30,633	2,12,755	13.1	(7.8)
Expenditure	1,58,015	1,36,165	1,48,841	1,84,449	1,68,651	6.7	(8.6)
Total RM	32,308	29,165	32,039	43,490	38,190	18.2	(12.2)
Power & Fuel	47,880	38,377	42,859	52,236	48,619	1.5	(6.9)
Freight	44,279	35,835	40,361	51,762	46,490	5.0	(10.2)
Staff cost	7,793	9,139	8,901	9,815	9,722	24.8	(0.9)
Other expenditure	25,754	23,649	24,683	27,146	25,630	(0.5)	(5.6)
EBITDA	30,171	20,183	28,947	46,184	44,103	46.2	(4.5)
Depreciation	9,179	9,039	9,928	11,246	11,068	20.6	(1.6)
EBIT	20,992	11,144	19,020	34,939	33,036	57.4	(5.4)
Other Income	1,685	2,207	2,473	1,021	1,802	7.0	76.5
Interest	3,258	3,171	4,568	4,750	4,333	33.0	(8.8)
PBT	19,419	10,180	16,925	31,210	30,505	57.1	(2.3)
Total Tax	3,633	1,914	3,278	6,261	7,869	116.6	25.7
Adjusted PAT	15,786	8,266	13,647	24,949	22,636	43.4	(9.3)
(Profit)/loss from JV's/Ass/MI	43	(66)	(53)	(35)	7	(84.0)	NA
PAT after MI	15,829	8,200	13,594	24,914	22,643	43.0	(9.1)
Extra ordinary items	(881)	-	-	(94)	(384)	NA	NA
Reported PAT	14,948	8,200	13,594	24,820	22,259	48.9	(10.3)
Adjusted EPS (INR)	54.8	28.4	47.1	84.5	76.8	40.1	(9.1)
Margins (%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	YoY (bps)	QoQ (bps)
EBIDTA	16.0	12.9	16.3	20.0	20.7	470	70
EBIT	11.2	7.1	10.7	15.1	15.5	437	38
EBT	10.3	6.5	9.5	13.5	14.3	402	81
PAT	8.4	5.3	7.7	10.8	10.6	225	(18)
Effective Tax rate	18.7	18.8	19.4	20.1	25.8		

Source: Company, JM Financial

Exhibit 3. Consolidated quarterly analysis on a per-tonne basis

INR/tn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Volumes (mt)	33.6	27.8	30.4	41.0	36.8	9.7	(10.2)
Blended Realization	5,548	5,499	5,588	5,555	5,713	3.0	2.8
Raw Material	962	1,048	1,055	1,060	1,037	7.8	(2.2)
Power & Fuel	1,426	1,378	1,411	1,273	1,320	(7.4)	3.7
Freight	1,319	1,287	1,329	1,262	1,262	(4.3)	0.0
Staff cost	232	328	293	239	264	13.7	10.3
Other expenditure	767	849	813	662	696	(9.3)	5.2
Operating cost	4,707	4,891	4,901	4,497	4,579	(2.7)	1.8
Other operating income	57	117	73	67	64	11.5	(4.8)
EBITDA/tn	899	725	953	1,126	1,197	33.3	6.4

Source: Company, JM Financial

Exhibit 4. Annual analysis – Consolidated

Key Assumptions	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
Capacity (mt)	115	118	121	135	148	191	203	218	233	10.7	10.5
Volumes (mt)	82	86	94	106	119	135.8	153	169	184	10.5	16.3
Utilisation (%)	77	74	78	83	80	71	75	78	79		
Blended Realisation (INR/tn)	5,038	5,118	5,502	5,895	5,864	5,517	5,648	5,722	5,797	1.8	2.5
EBITDA/tn (INR/tn)	1,144	1,338	1,225	1,004	1,089	924	1,140	1,260	1,315	(4.2)	19.3
P&L (INR bn)											
Revenue	421	447	526	632	709	760	877	980	1,080	12.5	19.2
EBITDA	94	116	115	106	130	126	175	213	191	5.9	23.3
Adj. Net Profit	38	56	57	51	71	61	83	110	130	9.8	45.5
Balance Sheet (INR bn)											
Equity	391	442	504	544	603	739	851	928	1,019		
Net Debt	169	67	39	27	28	177	152	111	49		
Net Debt: EBITDA	1.8	0.6	0.3	0.3	0.2	1.4	0.9	0.5	0.3		
Net Debt: Equity	0.4	0.2	0.1	0.0	0.0	0.2	0.2	0.1	0.0		
Cash Flow (INR bn)											
OCF before NWC change	65	87	93	74	104	21	131	162	188		
Change in NWC	5	23	(5)	(3)	(5)	(7)	(6)	(3)	(3)		
Capex	(17)	(18)	(56)	(61)	(89)	(90)	(100)	(90)	(90)		
FCF	53	91	32	10	10	(75)	25	69	95		
Return ratios (%)											
RoE	11.4	13.4	12.0	9.7	12.3	9.1	10.5	12.3	13.3		
RoCE	8.6	11.6	10.4	8.9	11.2	7.4	9.1	11.1	12.4		
RoIC	9.3	11.0	10.8	9.3	12.3	9.0	9.5	11.5	12.7		
Valuations (x)											
PE							44.5	33.7	28.5		
EV/EBITDA							22.2	18.1	15.8		
EV/tn (USD)							222	205	189		

Source: Company, JM Financial

Exhibit 5. Annual analysis on a per-tonne basis

INR/tn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
Blended realisation	5,038	5,118	5,502	5,895	5,864	5,517	5,648	5,722	5,797	1.8	2.5
% YoY	4.6	1.6	7.5	7.1	(0.5)	(5.9)	2.4	1.3	1.3		
Raw materials consumed	767	820	847	919	1,000	1,009	1,018	1,027	1,052		
Power & fuel costs	1,029	964	1,291	1,749	1,536	1,356	1,265	1,244	1,267		
Freight costs	1,181	1,162	1,246	1,325	1,334	1,285	1,263	1,253	1,245		
Staff cost	305	272	270	259	255	265	269	258	252		
Other expenses	691	618	717	725	742	752	769	756	744		
Total Operating Cost	3,973	3,836	4,371	4,976	4,867	4,667	4,584	4,538	4,559	3.3	(1.2)
Other operating income	79	56	95	85	92	75	77	76	77		
Blended EBITDA	1,144	1,338	1,225	1,004	1,089	924	1,140	1,260	1,315	(4.2)	19.3
% YoY	28.7	17.0	(8.5)	(18.0)	8.5	(15.1)	23.3	10.5	4.4		

Source: Company, JM Financial

Exhibit 6. We broadly maintain our EBITDA estimates for FY26E-28E

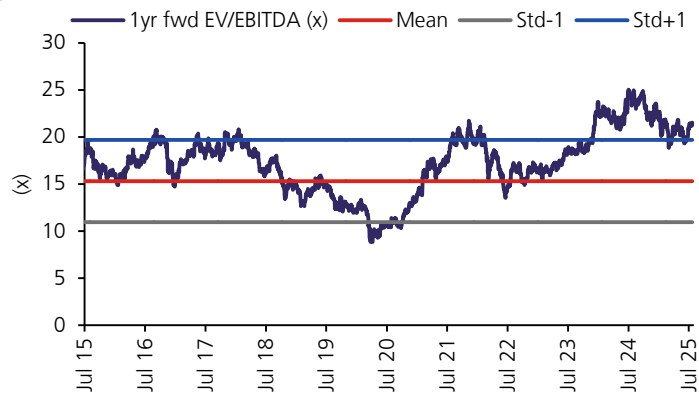
INR bn	FY26E			FY27E			FY28E		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	889	877	(1.4)	989	980	(0.9)	1,086	1,080	(0.6)
EBITDA	175	175	(0.3)	213	213	0.1	241	242	0.2
PAT	81	83	2.6	109	110	0.4	129	130	0.4

Source: JM Financial

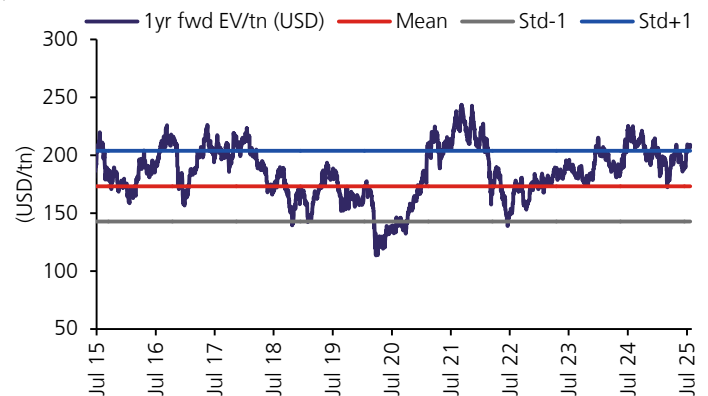
Exhibit 7. Maintain BUY with a revised TP of INR 14,150 based on 19x EV/E**EV/E method**

Sep'27E EBITDA (INR bn)	227
Implied EV/E multiple (x)	19
EV (INR bn)	4,295
Sep'26E Net debt (INR bn)	131
Equity value*	4,170
No. of shares (mn)	295
Sep'26 Target Price (INR)	14,150

Source: JM Financial *including investment in Star Cement

Exhibit 8. One-year forward EV/EBITDA

Source: Bloomberg, JM Financial

Exhibit 9. One-year forward EV/tonne

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	698,100	749,360	865,155	967,483	1,065,639
Sales Growth	12.0%	7.3%	15.5%	11.8%	10.1%
Other Operating Income	10,981	10,191	11,720	12,892	14,181
Total Revenue	709,081	759,551	876,875	980,375	1,079,820
Cost of Goods Sold/Op. Exp	119,029	137,037	155,992	173,673	193,314
Personnel Cost	30,376	36,046	41,179	43,664	46,300
Other Expenses	429,991	460,894	505,075	550,048	598,424
EBITDA	129,686	125,575	174,629	212,991	241,783
EBITDA Margin	18.3%	16.5%	19.9%	21.7%	22.4%
EBITDA Growth	22.1%	-3.2%	39.1%	22.0%	13.5%
Depn. & Amort.	31,453	40,150	52,575	57,064	61,398
EBIT	98,233	85,425	122,054	155,927	180,384
Other Income	6,170	7,442	7,547	7,795	8,055
Finance Cost	9,680	16,505	17,973	16,497	14,343
PBT before Excep. & Forex	94,722	76,361	111,629	147,224	174,095
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	94,722	76,361	111,629	147,224	174,095
Taxes	24,183	14,885	28,242	37,248	44,046
Extraordinary Inc./Loss(-)	-720	-974	0	0	0
Assoc. Profit/Min. Int.(-)	-231	106	116	128	141
Reported Net Profit	70,050	60,396	83,270	109,849	129,909
Adjusted Net Profit	70,770	61,371	83,270	109,849	129,909
Net Margin	10.0%	8.1%	9.5%	11.2%	12.0%
Diluted Share Cap. (mn)	288.7	294.7	294.7	294.7	294.7
Diluted EPS (INR)	245.1	208.3	282.6	372.8	440.8
Diluted EPS Growth	39.8%	-15.0%	35.7%	31.9%	18.3%
Total Dividend + Tax	20,208	22,838	24,981	32,955	38,973
Dividend Per Share (INR)	70.0	77.5	84.8	111.8	132.3

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	94,722	76,361	111,629	147,224	174,095
Depn. & Amort.	31,453	40,150	51,506	55,964	60,265
Net Interest Exp. / Inc. (-)	9,680	16,505	17,973	16,497	14,343
Inc (-) / Dec in WCap.	1,605	-6,564	-4,842	-1,433	-221
Others	-4,661	-1,920	-7,663	-7,923	-8,195
Taxes Paid	-24,183	-14,885	-28,242	-37,248	-44,046
Operating Cash Flow	108,616	109,647	140,361	173,081	196,241
Capex	-94,753	-190,185	-100,000	-90,000	-90,000
Free Cash Flow	13,863	-80,538	40,360	83,081	106,242
Inc (-) / Dec in Investments	-6,870	30,475	-5,000	-5,000	-5,000
Others	6,170	7,442	7,547	7,795	8,055
Investing Cash Flow	-95,454	-152,268	-97,453	-87,205	-86,945
Inc / Dec (-) in Capital	0	60	-60	0	0
Dividend + Tax thereon	-20,208	-22,838	-24,981	-32,955	-38,973
Inc / Dec (-) in Loans	3,976	127,326	-10,000	-27,000	-27,000
Others	-594	-53,026	1,637	-16,309	-14,142
Financing Cash Flow	-16,826	51,522	-33,403	-76,263	-80,115
Inc / Dec (-) in Cash	-3,664	8,901	9,504	9,613	29,182
Opening Cash Balance	11,496	7,832	16,733	26,237	35,850
Closing Cash Balance	7,832	16,733	26,237	35,850	65,032

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	602,275	707,068	819,297	896,191	987,127
Share Capital	2,887	2,947	2,947	2,947	2,947
Reserves & Surplus	599,388	704,121	816,350	893,244	984,180
Preference Share Capital	0	0	0	0	0
Minority Interest	559	31,866	31,982	32,110	32,251
Total Loans	102,984	230,310	220,310	193,310	166,310
Def. Tax Liab. / Assets (-)	64,429	95,144	60,637	60,698	60,759
Total - Equity & Liab.	770,247	1,064,387	1,132,227	1,182,309	1,246,447
Net Fixed Assets	729,679	1,039,279	1,087,773	1,121,810	1,151,544
Gross Fixed Assets	802,389	1,144,720	1,250,908	1,352,047	1,450,958
Intangible Assets	63,455	76,818	76,818	76,818	76,818
Less: Depn. & Amort.	203,992	244,141	295,647	351,611	411,876
Capital WIP	67,828	61,883	55,694	44,556	35,644
Investments	82,490	51,565	56,565	61,565	66,565
Current Assets	195,802	245,477	272,118	310,761	371,444
Inventories	83,297	95,630	119,919	134,051	151,261
Sundry Debtors	42,782	58,903	53,668	60,016	66,105
Cash & Bank Balances	7,832	16,733	26,237	35,850	65,032
Loans & Advances	60,241	74,212	72,294	80,844	89,047
Other Current Assets	1,651	0	0	0	0
Current Liab. & Prov.	237,724	271,934	284,229	311,826	343,107
Current Liabilities	84,783	93,275	91,901	101,648	112,338
Provisions & Others	152,941	178,659	192,328	210,178	230,769
Net Current Assets	-41,922	-26,456	-12,111	-1,065	28,337
Total - Assets	770,247	1,064,387	1,132,227	1,182,309	1,246,447

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	10.0%	8.1%	9.5%	11.2%	12.0%
Asset Turnover (x)	1.0	0.8	0.8	0.8	0.9
Leverage Factor (x)	1.3	1.4	1.4	1.3	1.3
RoE	12.4%	9.4%	10.9%	12.8%	13.8%

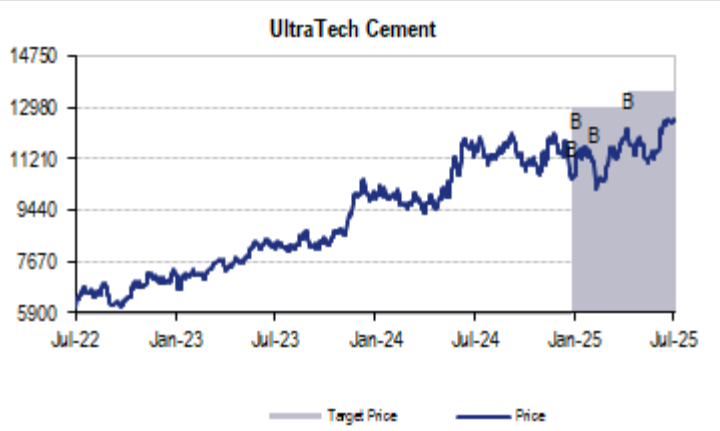
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	2,086.2	2,399.4	2,780.3	3,041.2	3,349.8
ROIC	12.5%	9.1%	9.6%	11.6%	13.0%
ROE	12.4%	9.4%	10.9%	12.8%	13.8%
Net Debt/Equity (x)	0.0	0.2	0.2	0.1	0.1
P/E (x)	51.3	60.4	44.5	33.7	28.5
P/B (x)	6.0	5.2	4.5	4.1	3.8
EV/EBITDA (x)	28.8	31.2	22.3	18.1	15.7
EV/Sales (x)	5.3	5.2	4.4	3.9	3.5
Debtor days	22	28	22	22	22
Inventory days	43	46	50	50	51
Creditor days	53	54	48	48	49

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Jan-25	Buy	13,000	
23-Jan-25	Buy	13,000	0.0
26-Feb-25	Buy	13,000	0.0
28-Apr-25	Buy	13,500	3.8

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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